



# PSC NEWS

## Missouri Public Service Commission

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### **PSC Approves Agreement Reached in AmerenUE Natural Gas Rate Case**

Jefferson City (January 13, 2004)---The Missouri Public Service Commission has approved an agreement reached by parties in a natural gas rate case filed by AmerenUE. The agreement calls for an increase of approximately \$13 million in annual natural gas revenues for AmerenUE. This represents less than half what the Company sought when it filed its rate request with the Public Service Commission on May 23, 2003. At the time of the filing, AmerenUE sought to increase annual natural gas revenues by approximately \$26.7 million.

This rate case reflects what are called the non-gas costs of providing service to customers. Non-gas costs are generally operating and maintenance expenses and a return on investment in plant (such as natural gas mains and service lines that carry natural gas to the customer's home or business). The Missouri Public Service Commission does not regulate the wholesale price of natural gas, the price AmerenUE pays to its suppliers for the gas that they deliver to their customers. The Commission does perform a regulatory review to ensure that regulated natural gas companies such as AmerenUE make prudent decisions in securing natural gas supplies for their customers.

The agreement approved by the Commission will result in a rate adjustment that will take effect on February 15, 2004. A typical residential customer will see natural gas rates increase by approximately \$6.50 a month under the agreement (AmerenUE's May 23rd filing sought to increase rate by approximately \$16.26 a month).

#### **Under the terms of the agreement:**

\*In order to provide rate stability for its customers during the winter of 2003-2004, AmerenUE agrees that it will not file to change its natural gas rates to reflect wholesale supplier rate changes before April 1, 2004.

\* Absent a significant, unusual event, there will be a rate moratorium on AmerenUE's non-gas costs through January 1, 2006.

(more)

\* Between July 1, 2003 and December 31, 2006, AmerenUE will make infrastructure-improvements of at least \$15 to \$25 million. These investments will include, but not be limited to AmerenUE's cast iron main and unprotected steel service line replacement programs.

\* AmerenUE will not propose to adjust its rates to recover natural gas infrastructure costs through an infrastructure system replacement surcharge (ISRS) prior to January 1, 2006.

\* AmerenUE will contribute \$155,000 a year to continue funding a weatherization program for AmerenUE customers for (1) residential weatherization or (2) energy audits.

\* AmerenUE will provide approximately \$100,000 a year to fund an experimental weatherization/low income program in the Missouri counties of Stoddard and Scott.

\* AmerenUE will provide approximately \$55,000 a year to fund an energy efficient equipment program recommended by the Missouri Department of Natural Resources.

\* AmerenUE will study a fixed bill option for residential customers this winter and potentially implement a pilot program in the winter of 2004-2005, based upon the results of its study.

The agreement approved by the Commission was submitted by Union Electric Company d/b/a AmerenUE, the Office of the Public Counsel, the Staff of the Missouri Public Service Commission and the Missouri Department of Natural Resources. The agreement was reached as a result of extensive negotiations conducted by the above parties. The Office of the Public Counsel is a separate state agency which represents the general public in matters before the Public Service Commission.

AmerenUE provides natural gas service to approximately 111,000 natural gas customers in Missouri.

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